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Before the

**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Application by Ameritech Michigan )  
pursuant to Section 271 of the )  
Telecommunications Act of 1996 )  
to Provide In-Region, InterLATA )  
Services in Michigan )

CC Docket No. 97-137

**Communications Workers of America (AFL-CIO)**  
**Reply Comments**

Dated: June 24, 1997

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**I. Introduction and Summary**

The Communications Workers of America (CWA) represents 600,000 workers nationwide and 55,000 workers in the five-state Ameritech region of Michigan, Illinois, Indiana, Ohio and Wisconsin. Our members are primarily telecommunications workers. In the five-state Ameritech region, 28,000 CWA members work for Ameritech (11,000 in Michigan) and others work for AT&T, Sprint, GTE, Alltel, Comcast, TCI, Century, and other companies.

While in general we support Ameritech's desire to provide long distance service in Michigan, we believe that the Commission should have a balanced and factual presentation of the issues.

CWA has gathered facts that provide insight into the issues surrounding Ameritech's compliance with the competitive checklist in Section 271 of the Telecommunications Act of 1996. We focus our fact-based presentation on the extent to which Ameritech complies with requirements to provide nondiscriminatory access to its Operations Support Systems (OSS).

In its filing with the Federal Communications Commission, Ameritech states that "through extensive testing and actual use, Ameritech has demonstrated that its OSS interfaces are

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operationally ready and have the capacity to handle estimated future demand.”<sup>1</sup> Various Competitive Local Exchange Carriers (CLECs) dispute this claim, arguing that Ameritech’s OSS cannot handle current requirements, much less future demand.<sup>2</sup>

The Michigan Public Service Commission notes that “complete and appropriate performance standards have not as yet been adopted which would permit determinations to be made regarding nondiscriminatory access to OSS and other unbundled network elements. Such measures must be in place before a positive determination can be made by the FCC regarding Ameritech’s compliance with this checklist item.”<sup>3</sup>

Since it is CWA members who staff these Operations Support Systems, we are in a unique position to present factual evidence regarding these competing claims.

In this filing, we provide a fact-based presentation. We believe that a balanced and factual presentation of these issues will allow the Commission to make an informed decision.

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<sup>1</sup> Brief in Support of Application by Ameritech Michigan for Provision of In-Region, InterLATA Services in Michigan, Executive Summary, May 21, 1997, p. ii.

<sup>2</sup> CLEC Exhibits presented to the Hearing on Ameritech Michigan’s Operations Support Systems before the Michigan Public Service Commission, May 28, 1997, Case No. U-11104.

<sup>3</sup> Conciliation of the Michigan Public Service Commission, In the Matter of the Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, to provide In-Region InterLATA Services in Michigan, CC Docket No. 97-137, pp. 37-38.

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The facts that we have gathered demonstrate that Ameritech does not yet have in operation a commercially viable automated system that provides competitive local exchange carriers non-discriminatory access for ordering, pre-ordering, and billing. At this time, backlogs in service orders, very low service levels, and billing errors indicate that CLECs do not receive OSS service at parity with Ameritech's own customers. More time is necessary to improve the computer systems and to hire and to train sufficient numbers of employees to handle the growing volume of orders.

Furthermore, we present evidence of Ameritech repair policies that provide preferential treatment to its own customers that is not available to customers of CLECs. Ameritech's repair policies give priority repair service to "communications intensive households" which are Ameritech customers, but do not provide similar priority treatment to comparable CLEC customers.

Finally, Ameritech's Winback program raises concerns regarding possible violation of separate subsidiary requirements in the Telecommunications Act of 1996. Under the Winback program, Ameritech offers competitive pricing packages to lure CLEC customers back to Ameritech, but does not offer comparable packages to customers who switch local service to Ameritech's own long distance subsidiary, Ameritech Communications, Inc.

## **II. Ameritech Must Provide “Non-discriminatory Access” to its Operations Support Systems as a Pre-Condition for Approval to Provide In-Region InterLATA Services**

The second item in the fourteen point “competitive checklist” in Section 271 of the Telecommunications Act of 1996 (the “Act”) requires that a Bell Operating Company (BOC) provide “nondiscriminatory access to network elements” as a pre-condition for approval to provide in-region interLATA services.<sup>4</sup> In accordance with Sections 251(c)(3) and 251(c)(4) of the Act, “nondiscriminatory access to network elements” must be provided for resale services and to provide access to unbundled network elements.<sup>5</sup>

In its First Report and Order, the Federal Communications Commission identified a BOC’s Operations Support System as one of the seven network elements that must be provided for resold services and on an unbundled basis. Further, the Commission identified OSS functionalities of pre-ordering, ordering, provisioning, maintenance, repair, and billing as those that must be provided on a nondiscriminatory basis.<sup>6</sup> To meet the requirements of the Section 271

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<sup>4</sup> 47 U.S.C. Section 271(c)(2)(B)(ii)

<sup>5</sup> 47 U.S.C. Sections 251(c)(3) and 251(c)(4)

<sup>6</sup> Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, CC Docket Nos. 96-98 and 95-185, (rel. Aug. 8, 1996) at Paragraph 525 (“Local Competition Order”). “...we conclude that in order to comply fully with section 251(c)(3) an incumbent LEC must provide upon request, nondiscriminatory access to operations support systems functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing of unbundled network elements under section 251(c)(3) and resold services under section 251(c)(4).”

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competitive checklist, Ameritech must provide nondiscriminatory access to all these OSS functionalities in order to receive permission to provide in-region interLATA services.

In its evaluation of SBC Communications Inc.'s application to provide in-region interLATA services in Oklahoma, the Department of Justice clarified the OSS operational thresholds that a BOC must provide in order to satisfy the Section 271 competitive checklist requirements. The Department noted that "meeting such thresholds are necessary to ensure that a CLEC can obtain and maintain these items in competitively significant numbers. The checklist requirements of providing resale services and access to unbundled elements would be hollow indeed if the efficiency of — or deficiencies in — these 'wholesale support processes,' rather than the dictates of the marketplace, determined the number or quality of such items available to competing carriers."<sup>7</sup>

In order to provide CLECs with a "meaningful opportunity to compete using resale and unbundled elements,"<sup>8</sup> the Department identified four OSS operational requirements: 1) they must

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<sup>7</sup> Evaluation of the United States Department of Justice, In the Matter of Application of SBC Communications Inc. et al. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in the State of Oklahoma, ("DOJ Evaluation"), CC Docket No. 97-121, May 16, 1997, p. 26.

<sup>8</sup> DOJ Evaluation, p. 28.

be automated; 2) they must function in a commercial setting; 3) they must be at parity with a BOC's own OSS; and 4) they must be scalable to meet current and future demand.

**A. A BOC Must Provide Electronic Access to its Operations Support Systems**

The Department makes clear that meaningful competitive entry requires automated access by competitive local exchange carriers (CLECs) to OSS functions. The Department states that "...to satisfy the checklist, wholesale support processes must be automated if the volume of transactions would, in the absence of such automation, cause considerable inefficiencies and significantly impede competitive entry."<sup>9</sup>

To support its position, the Department cites the California experience in which Pacific Bell's failure to provide a fully automated system created such a backlog of orders that MCI and AT&T were forced to suspend marketing their competitive local exchange service. According to the Department, this experience "underscores the importance of automation, pointing out that it leads to cost-savings for BOCS in processing orders electronically and serves as an efficient entry vehicle for CLECs."<sup>10</sup>

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<sup>9</sup> DOJ Evaluation, p. 28

<sup>10</sup> DOJ Evaluation, p. 28



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Further, the Department identified electronic interfaces for pre-ordering, ordering, and provisioning resale services and unbundled elements as “the most critical” of the OSS functionalities, for “it is this fundamental process that enables CLECs to enter the local market and serve new customers...Automation in both of these areas...will minimize or eliminate human intervention in the transmission and processing of BOC-CLEC transactions.”<sup>11</sup>

**B. A BOC Must Demonstrate that the OSS Functions Efficiently in a Commercial Setting**

The Department further clarified that a BOC’s Operations Support Systems must operate efficiently in a real commercial situation, not simply under test conditions. The Department notes that “in evaluating checklist compliance with regard to a BOC’s OSS systems, the Department will evaluate...the likelihood that such systems will fail under significant commercial usage.”<sup>12</sup>

Particularly important in meeting checklist compliance, according to the Department, is the development of “electronic transaction interfaces that will permit them to exchange information

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<sup>11</sup> DOJ Evaluation, pp. 71-2.

<sup>12</sup> DOJ Evaluation, p. 27.

in agreed-upon formats...As an indication of which particular functions meet this criteria, the Department will examine market experiences to date...”<sup>13</sup>

### **C. OSS Functions Must be at Parity with a BOCs Own Operations**

Furthermore, the Department notes that inefficient provision of OSS for resale services and unbundled elements will block meaningful competitive entry. Therefore, checklist compliance requires that a BOC provide OSS functions for resale services and unbundled elements that are at parity with a BOC’s own operations. The Department notes that “under Section 271, an applicant must demonstrate that it can practicably provide checklist items by means of efficient wholesale support processes, including access to OSS functions. These processes must allow CLECs to perform ordering, maintenance, billing, and other functions at parity with BOC’s retail operations.”<sup>14</sup>

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<sup>13</sup> DOJ Evaluation, p. 70.

<sup>14</sup>DOJ Evaluation, P. 28.

**D. OSS Must be Scalable to Meet Current and Future Demand**

Finally, the Department notes that a BOC must be able to demonstrate that its OSS is able to meet current and future demand. The OSS must be able to meet demand throughout the state in quantities demanded by the competitive marketplace. Demand cannot be artificially constrained due to limitations of the OSS system.

“Specifically, a BOC must demonstrate that its electronic interfaces and processes, when combined with any necessary manual processing, allow competitors to serve customers throughout a state and in reasonably foreseeable quantities or that its wholesale support processes are scalable to such quantities as demand increases. By ‘reasonably foreseeable’, we mean those quantities that competitors collectively would ultimately demand in a competitive market where the level of competition was not constrained by any limitations of the BOCs interfaces or processes...”<sup>15</sup>

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<sup>15</sup> DOJ Evaluation, p. 29.

## **II. Summary of the Facts That CWA Has Gathered on the Real World Performance of Ameritech's Operations Support Systems**

### **A. Ordering and Pre-Ordering: The Automated Systems are Not Capable of Handling Current Demand**

Ameritech must provide CLECs with effective, automated pre-ordering and ordering interfaces to ensure that CLEC service orders are processed in a non-discriminatory fashion, enabling CLECs to meet scheduled due dates and to provide service at parity with that provided by Ameritech to its own customers.

Ameritech appears not to be meeting these thresholds. Ameritech is experiencing many problems with its automated interfaces which result in many orders falling out of the automated system, requiring much slower manual operations for ordering and pre-ordering.

The current electronic interface requires an exact match between the CLEC order and the Ameritech system, or it will "fall out" of the automated system and require manual processing. There are still many bugs to be worked out. For example, the system cannot process changes or the transfer of more than one line at any one residence. The system treats this as two separate orders. The first order must be completed before the second one can be handled. Thus, there is a period in which a customer with two residential lines will have overlapping carriers and bills.

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If the CLEC types a “remark” into the order, it falls out of the automated system. If the CLEC enters an invalid LPIC, it falls out of the automated system. In its filing before the Michigan Public Service Commission, AT&T included a copy of a May 1, 1997 Ameritech memorandum written in response to AT&T concerns about manual processing. In referring to the LPIC problem, the memo notes that “this is a situation where we have backed off of an automated flow through process until we can ensure that it can be applied without impacting the customer negatively.”<sup>16</sup>

These are but a few of the many examples of ways in which the system is not yet sufficiently user-friendly. As these problems are identified, they can be solved, through programming changes and employee training. But the systems are not there yet.

**B. The Backlog of Service Orders Results in Missed Due Dates**

Handling the manual pre-ordering and ordering functions is a time consuming process. Ameritech has centralized the pre-ordering and ordering functions for resale services and unbundled network elements in the Milwaukee Resale Center. There, American Information Industry Services (AIIS)

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<sup>16</sup> CLEC Exhibits, presented to the Michigan Public Service Commission Hearing on Ameritech Michigan’s Operations Support Systems, May 28, 1997, Exhibit 25.

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service representatives handle the manual pre-ordering and ordering functions. AIIS service representatives are CWA members.

On June 6, 1997, AIIS representatives in the Milwaukee Resale Center were asked to pull every untyped AT&T service order. The result was a stack six inches high, representing about 1,500 service orders. Then, the AIIS representatives were asked to pull all orders that were received before Sunday, June 1, representing all orders that were more than one week old. The result was a stack four inches high, representing about 1,000 orders. Some of the orders were from mid-May, more than three weeks old. The oldest order that had not been typed into the system was from May 7, one month earlier.

To deal with this backlog, the AIIS representatives that normally take incoming telephone calls were pulled off the phones and told to spend the entire day typing orders. As a result, there were no representatives available that day for incoming calls. In addition, more than 400 orders were faxed to Indiana and Springfield, Illinois for input by other Ameritech employees.

Data provided by AT&T to the Michigan Public Service Commission shows that Ameritech has not been able to handle the growing volume of service orders it has received for resale services. According to this data, during the week of May 18, Ameritech completed only 22.5 percent of

total orders (986 of 4431 total orders were completed.) During the week of May 11, Ameritech completed only 1,918 of 2,581 orders (74.3%).<sup>17</sup>

These performance levels fall far below those that Ameritech provides to its own customers. According to the data provided by AT&T to the Michigan PSC, during the month of May, Ameritech took an average of 3.5 days to complete orders and an average of four days to reject orders.<sup>18</sup> In contrast, Ameritech provides same day turn-around to its own customers for residential service orders that do not require a premise visit. (Most resale service orders do not require a premise visit.)

**C. The Backlog in Pre-Ordering and Ordering Results in Failure to Provide Service by Expected Due Date**

Because of the backlog in manual typing of service orders, Ameritech service representatives often type in service orders after the expected due date. The expected due date is the date the CLEC expects service to be transferred or turned on to its customers based on turn-around times specified in the interconnection agreement.

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<sup>17</sup> CLEC Exhibits, Exhibit 3.

<sup>18</sup> CLEC Exhibits, Exhibit 6.

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According to AT&T service reports provided to the Michigan PSC, Ameritech routinely modifies commitment dates because it cannot meet demand. The problem is getting worse as the volume of orders increases. For example, the week of May 18, Ameritech modified the committed due date for one-third (32.2 percent) of its orders.<sup>19</sup> Furthermore, during that same week, only 30 percent of AT&T's orders were completed on time<sup>20</sup> and 234 orders were still past due.<sup>21</sup> The prior week, 228 orders were past due.

This performance record is inferior to service that Ameritech provides to its own customers. AT&T provided the Michigan Public Service Commission with copies of performance reports that Ameritech prepared comparing its resale performance with that provided to its own retail customers for the months January through March 1997. Comparing the percent of "Due Dates Not Met" in the state of Michigan, the rates in January for wholesale performance was 1.1 percent compared to .8 percent for Ameritech retail; in February the wholesale performance was 4.2 percent compared to .8% for Ameritech retail; and in March, the wholesale performance was 1.1 percent compared to .8 percent for Ameritech retail.<sup>22</sup>

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<sup>19</sup> CLEC Exhibits, Exhibit 9.

<sup>20</sup> CLEC Exhibits, Exhibit 8.

<sup>21</sup> CLEC Exhibits, Exhibit 12.

<sup>22</sup> CLEC Exhibits, Exhibit 36.



**D. Service Levels At Milwaukee Resale Center are Far Below Those At  
Ameritech Consumer Service Centers**

In addition to the backlog in service orders, the customer service levels provided to resale customers are inferior to those provided to Ameritech's own customers. On a daily basis for each service center, Ameritech measures the percent of calls into a service center that are answered before a customer abandons the call. Typically, customers hang up because they are tired of being on hold.

During the entire month of May, the highest service level at the Milwaukee Resale Center was 28 percent. Service levels for calls into the Milwaukee Resale Center for the first week of June were as follows:

June 2: 13 percent  
June 3: 16 percent  
June 4: 23 percent  
June 5: 26 percent

In other words, on each day more than three-quarters of customers calling into the Milwaukee Resale Center abandoned calls before the service representative picked up the call.

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In contrast, service levels at the Kalamazoo, Michigan Service Center that serves Ameritech's own residential customers in Michigan averaged 60 percent or more throughout the month of May, and above 90 percent on June 9 and 10.

**E. Insufficient Staffing and Inadequate Training of Customer Service Representatives in Milwaukee Resale Center Contribute to Poor Service Levels**

A major reason for the backlog in manual processing and low service levels at the Milwaukee Resale Center is that Ameritech has not hired and trained sufficient numbers of employees to handle growing demand.

There are currently 40 full-time permanent customer service representatives working in the Milwaukee Resale Center, plus an additional 12 temporary employees. On a typical day, about 15 service representatives are typing service orders. (Other service representatives are answering phones, handling complex orders, correcting errors, filing and logging in orders, or in training.) This is clearly inadequate, as evidenced by the huge backlog of orders. Service representatives are working more than 8 hours per week of mandatory overtime, which is still not enough to handle the growing volume of orders.

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Despite the understaffing in the Milwaukee Resale Center, Ameritech will not release experienced customer service representatives who work in its own consumer service centers and who want to transfer to the Milwaukee Resale Center.

Rather, Ameritech is relying on a large number of newly hired service representatives to staff up the Milwaukee Resale Center. About 15 employees (37.5 percent of the work force) in the Resale Center are new hires. They receive only two days of training before they begin working with customers. This is simply inadequate. In contrast, service representatives who work in the Ameritech consumer line of business receive eight weeks of training before they begin working with customers. And unlike their counterparts in the Resale Center, the service representatives serving Ameritech consumer customers work alongside experienced reps who can answer questions as they do their work and many of them have transferred to this job from other positions in the telephone company.

Furthermore, the Milwaukee Resale Center employs about 10 to 15 temporary, contract employees who do service representative work and have received virtually no training. Ameritech consumer service centers do not employ any temporary, contract employees to do service representative work.

The result of the inadequate staffing, poor training, and use of temporary contract employees shows up in higher error rates and lower productivity than in Ameritech service centers. The May 1, 1997 Ameritech memo to AT&T cited earlier lists a number of ordering problems such as incorrectly rejecting an order because it included call waiting and duplication of orders that Ameritech attributed to “service representative error.”<sup>23</sup> Unfortunately, inadequate staffing and the pressure to meet the backlog of orders results in such problems.

**F. Repair: Ameritech Repair Policies Result in Discriminatory Treatment of Resale Customers**

Ameritech ranks all its own customers on a scale of 0 to 9 in determining priority for repair services. An Ameritech manual explains that accounts are automatically assigned a priority on a scale of 0 to 9. Repair assignments are automatically ranked based on the code. High-revenue customers are classified as “communications intensive households” and are coded as “CIH” which ranks a 7.

Resale customers receive no such priority coding for repair. Therefore, a resale customer who spends an equivalent amount on telecommunications services as does an Ameritech

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<sup>23</sup> CLEC Exhibits, Exhibit 36.

“communications intensive household” is placed in the repair queue behind all Ameritech priority customers.

**G. Billing: Automated and Manual Systems Are not Adequate, Resulting in a Backlog of Bills Requiring Error Correction**

CWA has identified a number of problems related to billing. First, Ameritech has not yet figured out how to avoid the problem of double billing. This problem principally occurs when service is transferred toward the end of a billing cycle, so that the billing system has not yet been notified that transfer has occurred. The result is that customers are billed by Ameritech and the resale carrier for the same period and for usage charges.

This anecdote illustrates the point. On June 6, Ameritech delivered 400 bills to the Milwaukee Resale Center that were caught in error correction representing just one day’s worth of bills with a double billing problem. Employees at the Resale Center received no instruction for solving the problem; they were simply told to store the bills until Ameritech figured out what to do with them.

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Numerous billing errors occur because poorly trained service representatives type in the wrong codes. This creates a large backlog of bills requiring correction. There are some bills in error correction that are over one year old.

Systems are not yet in place to adequately answer customer questions regarding bills. Questions about bills are sometimes referred to service representatives at the Milwaukee Resale Center. These service representatives cannot answer questions, since they cannot even pull up the bill on their computer screen.

**H. Ameritech Winback Program Fails Non-Discrimination Test and Raises Questions Regarding Separate Subsidiary Requirement**

Ameritech has instituted a Winback program whereby Ameritech representatives call former Ameritech customers that have switched their local service to a competitive local exchange carrier. The Winback program authorizes Ameritech representatives to offer a more competitive pricing package. However, Ameritech does not call former Ameritech customers who have switched their local service to be provided by the Ameritech long distance subsidiary, Ameritech Communications Inc.

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Therefore, it appears that the Winback program provides preferential treatment to Ameritech's own long distance subsidiary over other competitive local exchange carriers. Furthermore, it may violate separate subsidiary requirements in the Telecommunications Act of 1996.

**9. Climate of Fear Limited Any Further Fact-Gathering by CWA**

We believe that the facts that CWA has presented in this letter will assist the Department in making its recommendations on Ameritech Michigan's application to provide interLATA services. However, we were hampered in gathering more facts by a climate of fear at Ameritech. This climate is evident in a letter sent by Ameritech Vice President for Labor Relations Gregory W. Castle to CWA Vice President Jeff Rechenbach on June 6, 1997. A copy of the letter is attached. (Attachment A.)

**III. Conclusion**

The factual evidence presented in this letter raises serious questions regarding the ability of Ameritech's OSS to meet current, much less future demand. The evidence demonstrates that an automated system for ordering, pre-ordering, and billing is not yet commercially viable so as to provide non-discriminatory access to competitive local exchange carriers. More time is necessary to improve the computer systems and to hire and train sufficient numbers of employees to handle


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the growing volume of orders. At this time, backlogs in service orders, very low service levels, and billing errors indicate that CLECs do not receive OSS service at parity with Ameritech's own customers.

Experience to date is limited to provision of resale services. CLECs have not yet begun ordering unbundled elements. This process will be even more complicated, and require further commercial testing and experience to improve upon any problems.

Finally, the evidence we present regarding priority repair service to "communications intensive households" and the Winback program indicates that Ameritech fails to provide nondiscriminatory treatment to customers of competitive local exchange carriers.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Morton Bahr". The signature is written in black ink and is positioned above a horizontal line.

Communications Workers of America  
Morton Bahr  
President

June 24, 1997





Gregory W. Castle  
Vice President  
Labor Relations

June 8, 1997

Mr. Jeffrey Rechenbach  
Vice President - District 4  
Communications Workers of America  
20525 Center Ridge Road, Suite 700  
Cleveland, Ohio 44116

RE: Ameritech Michigan's Compliance with the Competitive Checklist in  
Section 271 of the Telecommunication's Act of 1996

Dear Jeff:

We have recently received the Statement filed by the Communications Workers of America with the Michigan Public Service Commission in Case No. U-11104 concerning Ameritech's compliance in Michigan with the competitive checklist in Section 271 of the Telecommunications Act of 1996.

As set forth in your Statement, you have indicated that you are in the process of gathering facts in certain specific areas. The areas which have been identified may involve certain information of a confidential and proprietary nature. As you are aware, there are certain legal and company policies set forth in the Code of Business Conduct addressing these issues.

Under these circumstances, we wish to remind you and your members of these obligations during any fact gathering process you engage in or with respect to any submission you might make.

We look forward to a full discussion of the issues with respect to our 271 Application and are confident that the positive conclusion of that review will enable us to bring more competition and a new and innovative service offerings to the consumers of Michigan.

Sincerely,

*Greg Castle* (sk)

Gregory W. Castle

GWC/sk

c: Mr. S. Rosen